

ORDINANCE NO. 04 SERIES 2007

AN ORDINANCE relating to the issuance of revenue bonds:

AN ORDINANCE OF THE FISCAL COURT OF THE COUNTY OF HOPKINS, KENTUCKY, AUTHORIZING THE ISSUANCE OF UP TO \$10,000,000 PRINCIPAL AMOUNT OF COUNTY OF HOPKINS, KENTUCKY VARIABLE RATE DEMAND INDUSTRIAL BUILDING REVENUE BONDS (J-LOK CORP. PROJECT), SERIES 2007 (THE "BONDS"), ISSUED AT THE REQUEST OF J-LOK CORP., A KENTUCKY CORPORATION (THE "COMPANY"), FOR THE PURPOSE OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A FACILITY TO BE USED FOR THE MANUFACTURING AND PROCESSING OF CHEMICAL POLYMERS FOR MINE ROOF SUPPORT SYSTEMS LOCATED AT THE INTERSECTION OF KENTUCKY HIGHWAY 336 AND HUBERT REID ROAD, EARLINGTON, HOPKINS COUNTY, KENTUCKY; AND APPROVING, AUTHORIZING AND ACKNOWLEDGING THE EXECUTION AND DELIVERY OF (1) A LOAN AGREEMENT BETWEEN THE COUNTY OF HOPKINS, KENTUCKY AND THE COMPANY; (2) A TRUST INDENTURE BETWEEN THE BANK OF NEW YORK TRUST COMPANY, N.A. AND THE COUNTY OF HOPKINS, KENTUCKY; (3) A BOND PURCHASE AGREEMENT AMONG THE COUNTY OF HOPKINS, KENTUCKY, THE COMPANY AND PNC CAPITAL MARKETS LLC (THE "UNDERWRITER"); (4) A TAX REGULATORY AGREEMENT AMONG THE BANK OF NEW YORK TRUST COMPANY, N.A., THE COMPANY AND THE COUNTY OF HOPKINS, KENTUCKY; AND (5) ANY AND ALL OTHER RELATED DOCUMENTS NECESSARY THERETO.

WHEREAS, the County of Hopkins, Kentucky (the "Issuer"), a county and political subdivision in and of the Commonwealth of Kentucky, is authorized and empowered by the Industrial Building Revenue Bond Act (Section 103.200 to 103.285, inclusive) of the Kentucky Revised Statutes (the "Act"), to issue revenue bonds to defray the costs of an industrial building as defined in the Act; and

WHEREAS, J-Lok Corp., a Kentucky corporation, or its affiliate, assignee or nominee (the "Company"), will construct an "industrial building" project on the site described in the Loan Agreement, dated as of May 1, 2007, between the Issuer and the Company (the "Loan Agreement"), if the Issuer will agree to issue industrial building revenue bonds in the aggregate amount of up to \$10,000,000 (the "Bonds") pursuant to the Act, for the purpose of the manufacturing and processing of chemical polymers for mine roof support systems (the "Project"),

which will result in the employment of a number of workers and promote the economic development of the area;
and

WHEREAS, under the terms of the proposed Loan Agreement, the Issuer will receive payments from the Company sufficient to pay the principal of and interest on the Bonds, and which payments shall be pledged, together with the Loan Agreement itself, as security for the payment of the principal of and interest on the Bonds;
and

WHEREAS, the Issuer has found and determined that the operation of the proposed Project will tend to relieve existing conditions of unemployment in the area and will otherwise promote the general welfare and economic development of the County of Hopkins and all of its citizens;

NOW, THEREFORE, BE IT ORDAINED BY THE FISCAL COURT OF COUNTY OF HOPKINS,
COMMONWEALTH OF KENTUCKY, AS FOLLOWS:

Section 1. Qualified Project. It is hereby determined that the financing of the Project and the payment of costs related thereto qualifies under the Act for financing with the proceeds of the Bonds and will promote those public purposes outlined in the Act.

Section 2. Public Hearing. At the public hearing conducted by the Issuer in accordance with the provisions of Section 147(f) of the Code, pursuant to published notice, all persons who appeared were given an opportunity to express their views for or against the proposal to issue the Bonds and the Authority has determined to proceed with the necessary proceedings relating to the issuance of the Bonds.

Section 3. Authorization of Bonds. For the purpose of paying the costs, not otherwise provided, of the Project, the Issuer hereby authorizes and approves the issuance of the County of Hopkins, Kentucky Variable Rate Demand Industrial Building Revenue Bonds (J-Lok Corp. Project), Series 2007 (the "Bonds"), dated as of the date of delivery of the Bonds, in the forms attached to the Trust Indenture, dated as of May 1, 2007, (the "Indenture"), in the principal amount of up to Ten Million Dollars (\$10,000,000) as more fully provided for in the Indenture hereinafter approved. The Bonds shall mature on or before May 1, 2027, and bear interest from the

date of delivery to the purchasers thereof as provided in the Indenture with a maximum rate of interest of ten percent (10%) per annum. The principal and interest requirements of the Bonds are set forth in the Indenture.

Section 4. Approval and Authorization of Execution for Various Documents. The following documents in the respective forms attached to this Ordinance are hereby approved, subject to such minor changes, insertions or omissions as may be approved by the County Judge/Executive, such approval to be conclusively evidenced by his execution of said documents, in order to effectuate the purposes of this Ordinance; and the County Judge/Executive is hereby authorized to execute and acknowledge the same for and on behalf of the Issuer; and the Clerk of the Fiscal Court is authorized to attest same and to affix thereto the corporate seal of the Issuer. Said documents are hereby ordered to be filed in the office of the Clerk of the Fiscal Court, labeled respectively, Exhibit A, Exhibit B, Exhibit C and Exhibit D, as identified below, and each of said documents is ordered to be recorded with this Ordinance in the official records of the Issuer:

- (a) The Loan Agreement, dated as of May 1, 2007 (the "Loan Agreement"), between the Issuer and the Company (Exhibit A);
- (b) The Trust Indenture, dated as of May 1, 2007 (the "Indenture"), between the Issuer and The Bank of New York Trust Company, N.A., Pittsburgh, Pennsylvania, as Trustee (the "Trustee") (Exhibit B);
- (c) The Bond Purchase Agreement (the "Bond Purchase Agreement"), among the Issuer, the Company and PNC Capital Markets LLC, as the Underwriter, providing for the sale of the Bonds at the aggregate price of 100% of par and upon the respective terms and conditions set forth in the Bond Purchase Agreement. The approval of said Agreement by the Company and a separate attached letter from the Company to the Issuer evidences the request of the Company that the Bonds be sold at private sale upon a negotiated basis as authorized by KRS 103.230 (Exhibit C); and

- (d) The Tax Regulatory Agreement, dated as of the date of the issuance of the Bonds (the “Tax Agreement”), among the Issuer, the Trustee and the Company (Exhibit D).

Section 5. Disbursement of Proceeds of Bonds. The Company and the Trustee are authorized to carry out the procedure set forth in the Indenture for the supervision of the acquisition, construction and equipping of the Project and for the payment from time to time of the costs of such acquisition, construction and equipping and related expenses as same progresses.

Section 6. Revenues of the Project. The revenues and other payments to be received by the Issuer under the terms of the Loan Agreement are determined to be sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, and all said payments and other payments received under the Loan Agreement and all other revenues arising out of or in connection with the Loan Agreement are hereby pledged to secure such payments and revenues, and in addition, for such other purposes as are more fully specified in the Indenture. The payment of such amounts by the Company to the Trustee pursuant to the Loan Agreement is hereby authorized, approved and confirmed.

Section 7. Designation of Trustee. The Bank of New York Trust Company, N.A. or a Trustee selected by the Company and accepted by the County Judge/Executive is hereby appointed Trustee under the Indenture and also as the paying agent and bond registrar for the Bonds.

Section 8. Execution of Bonds. The Bonds shall be executed in the manner provided in the Indenture and shall be delivered to the Trustee for proper authentication and delivery by the Trustee to the purchaser or purchasers thereof with instructions to that effect, as provided in the Indenture.

Section 9. Further Actions of Issuer Officials Authorized. Pursuant to the Constitution and laws of the Commonwealth of Kentucky, the County Judge/Executive, the Clerk of the Fiscal Court and all other appropriate officials of the Issuer are hereby authorized and directed to take any and all further actions and to execute and deliver all other documents as may be necessary to effect the issuance and delivery of the Bonds.

Section 10. BONDS ARE LIMITED OBLIGATION OF ISSUER. THE BONDS SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER BUT A LIMITED OBLIGATION PAYABLE SOLELY FROM THE AMOUNTS PAYABLE UNDER THE LOAN AGREEMENT AND OTHER REVENUES OF THE PROJECT. NEITHER THE ISSUER, THE COMMONWEALTH OF KENTUCKY NOR ANY OTHER POLITICAL SUBDIVISION OF THE COMMONWEALTH OF KENTUCKY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON SUCH BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES OF THE PROJECT PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION OF THE COMMONWEALTH OF KENTUCKY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO.

Section 11. Compliance with Federal Arbitrage Requirements. The Issuer covenants that sums derived from the proceeds of the Bonds shall not be invested in investments in a manner which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 103 of the Internal Revenue Code of 1986 as amended and the applicable regulations thereunder.

Prior to or at the time of delivery of the Bonds, the County Judge/Executive, the Chief Financial Officers and/or the Clerk of the Fiscal Court who are jointly and severally charged with responsibility for the issuance of the Bonds are authorized to execute the appropriate certification with reference to the matters required and contemplated by such statute and regulations, setting out all known and contemplated facts concerning the anticipated acquisition, construction and equipping, expenditures and investments, including the execution of necessary and/or desirable certifications contemplated by the aforesaid regulations in order to assure that interest on the Bonds will be exempt from all federal income taxes and that the Bonds will not be treated as "arbitrage bonds." Such officers are entitled to rely upon information furnished by the Company in making such

certifications and representations unless they, or any of them, shall be aware of any fact or circumstances which would cause such certifications or representations to be questioned.

Section 12. Qualified Small Issue Bonds Election. The Issuer hereby elects to have the provisions of Section 144(a)(4) of the Internal Revenue Code of 1986 (the "Code") and Treasury Regulation Section 1.103-19(b) (2) apply to the Bonds in determining their treatment as "qualified small issue bonds," as defined in Section 144(a) of the Code.

Section 13. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

Section 14. Headings of Ordinance. The captions of this Ordinance are for convenience only and are not to be construed as part of this Ordinance nor as defining or limiting in any way the scope or intent of the provisions hereof.

Section 15. Repealer. To the extent any resolution, ordinance or part thereof is in conflict with this Ordinance, the provisions of this Ordinance shall prevail.

Section 16. Effective Date of Ordinance. This Ordinance shall take effect from and after its adoption, approval and publication of Notice of Passage hereof, including the title of this Ordinance, which publication is hereby approved by the Clerk of the Fiscal Court pursuant to KRS 67.077 and KRS 103.210.

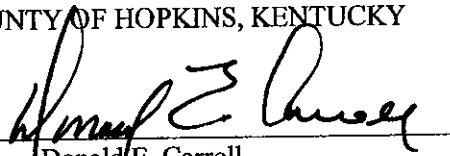
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INTRODUCED AND GIVEN FIRST READING ON MAY 1, 2007.

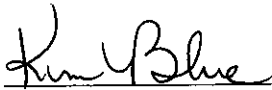
GIVEN SECOND READING, PASSED AND ENACTED ON MAY 15, 2007.

COUNTY OF HOPKINS, KENTUCKY

By:


Donald E. Carroll
County Judge/Executive

Attest:



Kim Blue
Clerk of the Fiscal Court

(Seal of Issuer)

I, KIM BLUE, hereby certify that I am the duly appointed and qualified Clerk of the Fiscal Court of the County of Hopkins, Kentucky, that the foregoing is a true copy of an Ordinance duly enacted by the Fiscal Court of said Issuer, signed by the County Judge/Executive of said Issuer, and attested under seal by me as Clerk of the Fiscal Court, at a properly convened term and session of said Fiscal Court, held on the 15th day of May, 2007, as shown by official records in my custody and under my control, that Notice of Passage of said Ordinance has been ordered to be published as required by law (KRS 67.077 and KRS 103.210), that said Ordinance appears as a matter of public record in Ordinance Book No 2007-04, that attached hereto are true copies of the documents approved therein, and that copies of such documents have also been duly filed and recorded in the official records of the Fiscal Court of the County of Hopkins.

IN WITNESS WHEREOF, I have hereto set my hand as Clerk of the Fiscal Court and the Seal of the Issuer this 15 day of May, 2007.


Kim Blue
Clerk of the Fiscal Court

(Seal of Issuer)

CERTIFICATION

I, the Clerk of the Fiscal Court of the County of Hopkins, Kentucky, do hereby certify that the foregoing is a true, correct copy of Ordinance No. 04, Series 2007, relating to the issuance of the County of Hopkins, Kentucky, Industrial Building Revenue Bonds (J-Lok Corp. Project), Series 2007, enacted by the Fiscal Court of the County of Hopkins at its meeting held on May 15, 2007, and is in full force and effect.

Witness my hand this 15 day of May, 2007.



Kim Blue

Clerk of the Fiscal Court